

15 March 2016

FINAL RESULTS

15 March 2016 Horizonte Minerals Plc, (AIM: HZM, TSX: HZM) ('Horizonte' or 'the Company') the nickel development company focused in Brazil, announces its results for the year ended 31 December 2015.

Overview

- Acquired Glencore's Araguaia Project ('GAP'), adjacent to Horizonte's 100% owned Araguaia Nickel Project in Brazil – the combination creates one of the highest grade nickel saprolite projects in Brazil
- Completed Phase 4 infill resource drilling programme at Araguaia on time and within budget - objective to convert the first 7 to 8 years of the modelled mine life to the Measured Resource category
- Completed collection of 160 tonnes representative ore bulk sample trial for pilot programme
- Successful metallurgical pilot plant campaign confirmed production of high grade commercial ferronickel from representative Araguaia ore by the proven RKEF process
- All technical data collected during 2015 to be combined into an updated Pre-Feasibility Study including the integration of the GAP project with Araguaia – expected delivery in 2016

Horizonte CEO Jeremy Martin commented, "2015 was another productive year for the Company, despite a backdrop of highly challenging commodities prices. The successful pilot plant programme proves the suitability of Araguaia to generate ferronickel product using the proven RKEF process, while the agreement with Glencore to acquire the adjacent nickel project is a game changing transaction for Horizonte, and as a result we have been able to create one of the leading nickel projects in Brazil.

"For the first half of 2016 work will focus on the integration of the Glencore Project with the Araguaia Project - this includes updating the combined Mineral Resource Estimate with the phase 4 drilling completed in 2015, an updated process flow sheet with the data and results from the pilot programme and updated capital costings which will all flow into an updated Pre-Feasibility Study. We are well positioned for the recovery in the mining sector over the next few years, with a low cost strategy to de-risk Araguaia to ensure we can deliver maximum value for shareholders."

Chairman's Statement

Though 2015 was an extremely difficult year for the resource / commodities sector, it has been a pivotal and game changing one for Horizonte. In parallel with further de-risking of our flagship Araguaia nickel project we secured the acquisition of the adjacent Glencore Araguaia Project ('GAP') to create a Tier 1 project in Brazil. The combined projects create one of the largest nickel saprolite resources in the world, at the upper end of the grade curve, located in a proven mining region.

The cost of this acquisition in immediate terms was US\$2.0 million payable in shares, with additional milestone payments in the future (total consideration US\$8 million) thus at a minimal dilution to current shareholders. GAP is an advanced project, with a significant amount of high quality work completed initially by Falconbridge and subsequently Xstrata / Glencore, with some 1,302 diamond drill holes for 55,334 metres. Total historic spend on the project is in the order of US\$75 million, demonstrating the very significant discount of our acquisition to the money previously expended. And this is key - such an acquisition would never have been done in the bull market from 2009 to 2014. It was only possible due to the market rout that we have today, with majors wishing to sell off non-core assets. This was not a spur of the moment decision either - Horizonte had been wanting to acquire GAP since it was taken over by Xstrata as part of Falconbridge. The real driver behind this transaction is that by creating a Tier 1 asset, it has the potential to supply a high grade core for the first 10 years of mine life, which has a significant positive effect on the overall enlarged project economics.

Another key milestone in 2015 was the completion of the pilot plant campaign, the results of which were announced in November. The key objectives of the integrated pilot plant campaign were to confirm the smelting behaviour of the Araguaia ore, the mode of operation of the dryer/agglomerator-kiln-electric furnace, as well as the production of ferronickel and slag at the temperatures and quality under conditions similar to a commercial operation. We were delighted with the success of the pilot campaign which confirmed that Araguaia will support the production of high grade ferronickel by the proven RKEF process. In addition the campaign generated a wealth of technical data to be incorporated into the Feasibility Study that will include the acquired Glencore project.

Key milestones in 2016 and significant pieces of news flow to look out for will be an updated resource estimate for the combined projects along with an updated Pre-Feasibility Study. You may ask is it worth doing this work given the state of the resource sector. The answer is a firm yes as we are in a cyclical industry and it is our intention to have Araguaia established as the next generation nickel project in terms of advanced de-risked Tier 1 assets globally. Why? Because demand for nickel will continue to grow.

As McKinsey reported in November 2015 ("Is there hidden treasure in the mining industry"), a look at mining fundamentals offers a less gloomy view. Demand for metals continues to

grow worldwide, albeit at a slower pace, as does production. For almost all commodities, production is at record levels. The slower rate of demand growth in China has let growing supply overtake demand in a number of commodities, and this overcapacity has pulled prices down, for now. The McKinsey analysis suggests that the steadily deteriorating quality of accessible resources, combined with the current cuts in new mine investment, will likely squeeze supply in the face of slow, steady demand growth, causing prices to rebound. This is supported by number of reports for example, Capital Economics stated, "...we think that the pieces are falling into place for a significant rally in the price of nickel in 2016. The expected rebound in demand, at a time of falling supply, will send the market into deficit. Once the buffer of stocks has been exhausted, we forecast that the tighter market will lift prices to US\$17,000 by end-year." Time will tell, but Horizonte is positioned for the long term which will see us benefit from the forecast rise in nickel prices.

Investing counter cyclically, whether in M&A or organic growth, is an often-stated mantra that is rarely executed. I am delighted to say that this is exactly what Horizonte has done with its acquisition of GAP.

The consolidation of the Araguaia district is a major achievement for Horizonte. The enlarged project is ideally placed in the commodity cycle to be advanced with the aim of commencing production within the next five years when the supply / demand fundamentals for nickel will be more favourable.

I would sincerely like to thank our shareholders for your continued support. I will leave you with this fact – Horizonte is valued at C\$0.01 per pound of nickel in the ground. The last major nickel transaction was the acquisition of Canico Resources by Vale in 2006 for a project of similar scale and grade at C\$0.23 per pound nickel in the ground at the feasibility study stage.

I would like to extend my appreciation to our ever hard working management team led by Jeremy Martin and also my fellow Board members - Owen Bavinton, Alex Christopher of Teck, Bill Fisher and Allan Walker whose belief in the quality of the Araguaia asset that Horizonte owns is as enduring as mine.

David J Hall

Chairman

15 March 2016

For further information visit www.horizonteminerals.com or contact:

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The Annual Report for the year ended 31 December 2015, together with the Management's Discussion and Analysis prepared as at 31 December 2015 and Notice of Meeting and Management Information Circular with respect to the Annual General Meeting of Shareholders to be held on 21 April 2016 will be posted to shareholders and are available on the Company's website at www.horizonteminerals.com and on Sedar www.Sedar.com

The Annual General Meeting of the Company will be held at 2:30pm on 21 April 2016 at finnCap 60 New Broad Street London EC2M 1JJ.

CEO Jeremy Martin will give a corporate presentation at the AGM.

Financial Statements

Independent Auditor's Report to the Members of Horizonte Minerals Plc

We have audited the Financial Statements of Horizonte Minerals Plc for the year ended 31 December 2015 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Cash Flows, the Consolidated and Parent Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company Financial Statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Directors; and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion:

- the Financial Statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2015 and of the Group's loss for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Alistair Roberts (Senior statutory auditor)
For and on behalf of PKF Littlejohn LLP
Statutory auditor
15 March 2016

1 Westferry Circus
Canary Wharf
London E14 4HD

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015

	Notes	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Continuing operations			
Revenue		—	—
Cost of sales		—	—
Gross profit		—	—
Administrative expenses		(864,892)	(1,311,688)
Charge for share options granted		(100,248)	(125,107)
Changes in fair value of contingent consideration	19	138,515	415,702
Project and intangible fixed asset impairment	6	—	(31,989)
Loss on foreign exchange		(251,409)	(46,364)
Other losses – impairment of available-for-sale assets	13	(253,006)	—
Operating loss	6	(1,331,040)	(1,099,446)
Finance income	8	14,918	31,413
Finance costs	8	(338,430)	(173,903)
Loss before taxation		(1,654,552)	(1,241,936)
Income tax	9	—	—
Loss for the year from continuing operations attributable to owners of the parent		(1,654,552)	(1,241,936)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Changes in value of available-for-sale financial assets	13	253,006	(22,729)
Currency translation differences on translating foreign operations	18	(7,267,732)	(1,438,422)
Other comprehensive income for the year, net of tax		(7,014,726)	(1,461,151)
Total comprehensive income for the year attributable to owners of the parent		(8,669,278)	(2,703,087)
Earnings per share from continuing operations attributable to owners of the parent			
Basic (pence per share)	21	(0.311)	(0.283)
Diluted (pence per share)	21	(0.311)	(0.283)

Consolidated Statement of Financial Position

Company number: 05676866

As at 31 December 2015

	Notes	31 December 2015 £	31 December 2014 £
Assets			
Non-current assets			
Intangible assets	10	20,046,102	20,770,312
Property, plant & equipment	11	11,888	54,390
Deferred tax assets	9	3,590,675	5,065,976

		23,648,665	25,890,678
Current assets			
Trade and other receivables	12	40,912	22,709
Available-for-sale financial assets	13	—	—
Cash and cash equivalents	14	2,738,905	5,030,968
		2,779,817	5,053,677
Total assets		26,428,482	30,944,355
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	15	6,712,044	4,924,271
Share premium	16	31,252,708	31,095,370
Other reserves	18	(7,336,327)	(321,601)
Retained losses		(11,081,173)	(9,526,869)
Total equity		19,547,252	26,171,171
Liabilities			
Non-current liabilities			
Contingent consideration	19	5,171,629	2,235,512
Deferred tax liabilities	9	1,560,581	2,201,778
		6,732,210	4,437,290
Current liabilities			
Trade and other payables	19	149,020	335,894
		149,020	335,894
Total liabilities		6,881,230	4,773,184
Total equity and liabilities		26,428,482	30,944,355

The financial statements were authorised for issue by the Board of Directors on 15 March 2016 and were signed on its behalf.

David J Hall
Chairman

Jeremy J Martin
Chief Executive Officer

Company Statement of Financial Position

Company number: 05676866

As at 31 December 2015

	Notes	31 December 2015 £	31 December 2014 £
Assets			
Non-current assets			
Property, plant & equipment	11	1,254	2,291
Investment in subsidiaries	26	44,698,874	37,768,225
		44,700,128	37,770,516
Current assets			
Trade and other receivables	12	18,739	13,818
Cash and cash equivalents	14	2,568,266	4,208,984
		2,587,005	4,222,802
Total assets		47,287,133	41,993,318
Equity and liabilities			
Equity attributable to equity shareholders			
Share capital	15	6,712,044	4,924,271
Share premium	16	31,252,708	31,095,370
Merger reserve	18	10,888,760	10,888,760
Retained losses		(7,240,881)	(7,652,755)
Total equity		41,612,631	39,255,646

Liabilities			
Non-current liabilities			
Contingent consideration	19	5,171,629	2,235,512
		5,171,629	2,235,512
Current liabilities			
Trade and other payables	19	502,873	502,160
		502,873	502,160
Total liabilities		5,674,502	2,737,672
Total equity and liabilities		47,287,133	41,993,318

The financial statements were authorised for issue by the Board of Directors on 15 March 2016 and were signed on its behalf.

David J Hall
Chairman

Jeremy J Martin
Chief Executive Officer

Statements of Changes in Equity

For the year ended 31 December 2015

	Attributable to owners of the parent				Total £
	Share capital £	Share premium £	Retained losses £	Other reserves £	
Consolidated					
As at 1 January 2014	4,011,395	26,997,998	(8,410,040)	1,139,550	23,738,903
Loss for the year	—	—	(1,241,936)	—	(1,241,936)
Other comprehensive income:					
Changes in value of available-for-sale financial assets	—	—	—	(22,729)	(22,729)
Currency translation differences on translating foreign operations	—	—	—	(1,438,422)	(1,438,422)
Total comprehensive income for the year	—	—	(1,241,936)	(1,461,151)	(2,703,087)
Issue of ordinary shares	912,876	4,564,389	—	—	5,477,265
Issue costs	—	(467,017)	—	—	(467,017)
Share-based payments	—	—	125,107	—	125,107
Total transactions with owners, recognised directly in equity	912,876	4,097,372	125,107	—	5,135,355
As at 31 December 2014	4,924,271	31,095,370	(9,526,869)	(321,601)	26,171,171
Loss for the year	—	—	(1,654,552)	—	(1,654,552)
Other comprehensive income:					
Changes in value of available-for-sale financial assets	—	—	—	253,006	253,006
Currency translation differences on translating foreign operations	—	—	—	(7,267,732)	(7,267,732)
Total comprehensive income for the year	—	—	(1,654,552)	(7,014,726)	(8,669,278)
Issue of ordinary shares	1,787,773	200,300	—	—	1,988,073
Issue costs	—	(42,962)	—	—	(42,962)
Share-based payments	—	—	100,248	—	100,248
Total transactions with owners, recognised directly in equity	1,787,773	157,338	100,248	—	2,045,359
As at 31 December 2015	6,712,044	31,252,708	(11,081,173)	(7,336,327)	19,547,252

	Attributable to equity shareholders				Total £
	Share capital £	Share premium £	Retained losses £	Merger reserves £	
Company					
As at 1 January 2014	4,011,395	26,997,998	(7,551,817)	10,888,760	34,346,336
Loss for the year	—	—	(226,045)	—	(226,045)

Total comprehensive income for the year	—	—	(226,045)	—	(226,045)
Issue of ordinary shares	912,876	4,564,389	—	—	5,477,265
Issue costs	—	(467,017)	—	—	(467,017)
Share-based payments	—	—	125,107	—	125,107
Total transactions with owners, recognised directly in equity	912,876	4,097,372	125,107	—	5,135,355
As at 31 December 2014	4,924,271	31,095,370	(7,652,755)	10,888,760	39,255,646
Profit for the year	—	—	311,626	—	311,626
Total comprehensive income for the year	—	—	311,626	—	311,626
Issue of ordinary shares	1,787,773	200,300	—	—	1,988,073
Issue costs	—	(42,962)	—	—	(42,962)
Share-based payments	—	—	100,248	—	100,248
Total transactions with owners, recognised directly in equity	1,787,773	157,338	100,248	—	1,945,111
As at 31 December 2015	6,712,044	31,252,708	(7,240,881)	10,888,760	41,612,631

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Notes	31 December 2015 £	31 December 2014 £
Cash flows from operating activities			
Loss before taxation		(1,654,552)	(1,241,936)
Finance income		(14,918)	(31,413)
Finance costs		338,430	173,903
Impairment of Peruvian reserves		17,200	-
Impairment of available-for-sale financial assets		253,006	-
Charge for share options granted		100,248	125,107
Impairment of intangible assets		-	31,989
Gain on sale of property, plant and equipment		(24,453)	-
Exchange differences		251,409	46,364
Change in fair value of contingent consideration		(138,515)	(415,702)
Depreciation		1,419	3,666
Operating loss before changes in working capital		(870,726)	(1,308,022)
(Increase)/decrease in trade and other receivables		(19,635)	39,417
(Decrease)/increase in trade and other payables		(37,154)	55,558
Net cash used in operating activities		(927,515)	(1,213,047)
Cash flows from investing activities			
Purchase of intangible assets		(2,663,260)	(1,843,161)
Proceeds from sale of property, plant and equipment		26,734	—
Interest received		14,918	31,413
Net cash used in investing activities		(2,621,608)	(1,811,748)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		1,550,000	5,477,265
Issue costs		(42,962)	(467,017)
Net cash generated from financing activities		1,507,038	5,010,248
Net (decrease)/increase in cash and cash equivalents		(2,042,085)	1,985,453
Cash and cash equivalents at beginning of year		5,030,968	3,091,880
Exchange loss on cash and cash equivalents		(249,978)	(46,365)
Cash and cash equivalents at end of the year	14	2,738,905	5,030,968

Major non-cash transactions

During the year ended 31 December 2015 additions to intangible exploration assets included £27,296 (2014: £46,261) in relation to depreciation charges on property, plant and equipment used for exploration activities.

Company Statement of Cash Flows

For year ended 31 December 2015

	31 December 2015 £	31 December 2014 £
	Notes	
Cash flows from operating activities		
Profit/(loss) before taxation	311,626	(226,045)
Finance income	(6,952)	(14,006)
Charge for share options granted	100,248	125,107
Exchange differences	(375,747)	(91,966)
Depreciation	1,037	2,846
Operating profit/(loss) before changes in working capital	30,212	(204,064)
(Increase) in trade and other receivables	(4,921)	(1,783)
Increase in trade and other payables	713	26,929
Net cash flows generated from/(used in) operating activities	26,004	(178,918)
Cash flows from investing activities		
Loans to subsidiary undertakings	(3,180,712)	(3,392,720)
Interest received	6,952	14,006
Net cash used in investing activities	(3,173,760)	(3,378,714)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	1,550,000	5,477,265
Issue costs	(42,962)	(467,017)
Net cash generated from financing activities	1,507,038	5,010,248
Net (decrease)/increase in cash and cash equivalents	(1,640,718)	1,452,616
Cash and cash equivalents at beginning of year	4,208,984	2,756,368
Cash and cash equivalents at end of the year	14 2,568,266	4,208,984

Major non-cash transactions

On 25 November 2015 a total of 23,777,273 shares were issued at £0.0184 per share in consideration for the purchase of the Vale dos Sonhos mineral concession from Xstrata Brasil Mineração Ltda. No cash consideration were exchanged.

Notes to the Financial Statements

1 General information

The principal activity of Horizonte Minerals Plc ('the Company') and its subsidiaries (together 'the Group') is the exploration and development of base metals. The Company's shares are listed on the AIM market of the London Stock Exchange and on the Toronto Stock Exchange. The Company is incorporated and domiciled in the UK. The address of its registered office is 26 Dover Street, London W1S 4LY.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the years presented.

2.1 Basis of preparation

These Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRS interpretations Committee (IFRS IC) interpretations as adopted by the European Union (EU) and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Financial Statements have been prepared under the historical cost convention as

modified by the revaluation of available-for-sale financial assets and certain subsidiaries' assets and liabilities to fair value for consolidation purposes.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's Accounting Policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements, are disclosed in Note 4.

2.2 Changes in accounting policy and disclosures

a) New and amended standards adopted by the Group

There are no IFRSs or IFRIC interpretations that were effective for the first time for the financial year beginning 1 January 2015 that have had a material impact on the Group or Company.

b) New and amended standards, and interpretations issued but not yet effective for the financial year beginning 1 January 2015 and not early adopted

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the financial statements are listed below. The Group intends to adopt these standards, if applicable, when they become effective. Unless stated below, there are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

Standard		Effective Date
IAS 1 (Amendments)	Presentation of Financial Statements: Disclosure Initiative	1 January 2016
IAS 7 (Amendments)	Disclosure Initiative	*1 January 2017
IAS 12 (Amendments)	Recognition of Deferred Tax	*1 January 2017
IAS 16 (Amendments)	Clarification of Acceptable Methods of Depreciation	1 January 2016
IAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions	1 February 2015
IAS 27 (Amendments)	Separate Financial Statements	1 January 2016
IAS 38 (Amendments)	Clarification of Acceptable Methods of Amortisation	1 January 2016
IFRS 9	Financial Instruments	*1 January 2018
IFRS 11 (Amendments)	Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
IFRS 15	Revenue from Contracts with Customers	*1 January 2018
IFRS 16	Leases	*1 January 2019
Annual Improvements	2010 – 2012 Cycle	1 February 2015
Annual Improvements	2012 – 2014 Cycle	1 January 2016

**Subject to EU endorsement*

2.3 Basis of consolidation

Horizonte Minerals Plc was incorporated on 16 January 2006. On 23 March 2006 Horizonte Minerals Plc acquired the entire issued share capital of Horizonte Exploration Limited (HEL) by way of a share for share exchange. The transaction was treated as a group reconstruction and was accounted for using the merger accounting method as the entities were under common control before and after the acquisition.

Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

The Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Other than for the acquisition of HEL as noted above, the Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred unless they result from the issuance of shares, in which case they are offset against the premium on those shares within equity.

If an acquisition is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or a liability is recognised in accordance with IAS 39 either in profit or loss or as a change in other comprehensive income. The unwinding of the discount on contingent consideration liabilities is recognised as a finance charge within profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with policies adopted by the Group.

Investments in subsidiaries are accounted for at cost less impairment.

The following 100% owned subsidiaries have been included within the consolidated Financial Statements:

<u>Subsidiary undertaking</u>	<u>Parent company</u>	<u>Country of incorporation</u>	<u>Nature of business</u>
Horizonte Exploration Ltd	Horizonte Minerals Plc	England	Mineral Exploration
Horizonte Minerals (IOM) Ltd	Horizonte Exploration Ltd	Isle of Man	Holding company
HM Brazil (IOM) Ltd	Horizonte Minerals (IOM) Ltd	Isle of Man	Holding company
Cluny (IOM) Ltd	Horizonte Minerals (IOM) Ltd	Isle of Man	Holding company
Champol (IOM) Ltd	Horizonte Minerals (IOM) Ltd	Isle of Man	Holding company
Horizonte Nickel (IOM) Ltd	Horizonte Minerals (IOM) Ltd	Isle of Man	Holding company
HM do Brasil Ltda	HM Brazil (IOM) Ltd	Brazil	Mineral Exploration
Araguaia Niquel Mineração Ltda	Horizonte Nickel (IOM) Ltd	Brazil	Mineral Exploration
Lontra Empreendimentos e Participações Ltda	Araguaia Niquel Mineração Ltda/ Horizonte Nickel (IOM) Ltd	Brazil	Mineral Exploration

Typhon Brasil Mineração Ltda	Cluny (IOM) Ltd	Brazil	Mineral Exploration
Trias Brasil Mineração Ltda	Champol (IOM) Ltd	Brazil	Mineral Exploration

2.4 Going concern

The Group's business activities together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement on pages 4 and 5; in addition note 3 to the Financial Statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposure to credit and liquidity risk.

The Financial Statements have been prepared on a going concern basis. Although the Group's assets are not generating revenues and an operating loss has been reported, the Directors consider that the Group has sufficient funds to undertake its operating activities for a period of at least the next 12 months including any additional payments required in relation to its current exploration projects. The Group has cash reserves which are considered sufficient by the Directors to fund the Group's committed expenditure both operationally and on its exploration projects for the foreseeable future. However, as additional projects are identified and the Araguaia project moves towards production, additional funding will be required.

As a result of considerations noted above, the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these Financial Statements.

2.5 Intangible Assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liabilities of the acquired subsidiary at the date of acquisition. Goodwill arising on the acquisition of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

(b) Exploration and evaluation assets

The Group recognises expenditure as exploration licenses or exploration and evaluation assets when it determines that those assets will be successful in finding specific mineral resources. Expenditure included in the initial measurement of exploration and evaluation assets and which are classified as intangible assets relate to the acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling and activities to evaluate the technical feasibility and commercial viability of extracting a mineral resource. Capitalisation of pre-production expenditure ceases when the mining property is capable of commercial production.

Exploration and evaluation assets arising on business combinations are included at their acquisition-date fair value in accordance with IFRS 3 (revised) 'Business combinations'. Other exploration and evaluation assets and all subsequent expenditure on assets acquired as part of a business combination are recorded and held at cost.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The assessment is carried out by allocating exploration and evaluation assets to cash generating units, which are based on specific projects or geographical areas.

Whenever the exploration for and evaluation of mineral resources in cash generating units does not lead to the discovery of commercially viable quantities of mineral resources or the Group has decided to discontinue such activities of that unit, the associated expenditures are written off to profit or loss.

2.6 Property, plant and equipment

All property, plant and equipment is stated at historic cost less accumulated depreciation. Historic cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Depreciation is charged on a straight-line basis so as to write off the cost of assets, over their estimated useful lives, using the straight-line method, on the following bases:

Office equipment	25%
Vehicles and other field equipment	25% – 33%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains' in the Statement of Comprehensive Income.

2.7 Impairment of non-financial assets

Assets that have an indefinite useful life, such as goodwill or intangible exploration assets not ready to use, are not subject to amortisation and are tested annually for impairment. Intangible assets that are subject to amortisation and property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Foreign currency translation

(a) Functional and presentation currency

Items included in the Financial Statements of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The functional currency of the UK and Isle of Man entities is Sterling and the functional currency of the Brazilian entities is Brazilian Real. The Consolidated Financial Statements are presented in Pounds Sterling, rounded to the nearest pound, which is the Company's functional and Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where such items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(c) Group companies

The results and financial position of all the Group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (1) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (2) each component of profit or loss is translated at average exchange rates during the accounting period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (3) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of monetary items receivable from foreign subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future are taken to other comprehensive income. When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.9 Financial assets

The Group classifies its financial assets in the following categories: loans and receivables; and available-for-sale financial assets, as appropriate. The Group determines the classification of its financial assets at initial recognition, depending on the purpose for which the financial assets were acquired.

(a) Available-for-sale financial assets

Available-for-sale financial assets consist of equity investments that are neither classified as held for trading nor designated at fair value through profit or loss. After initial recognition, available-for-sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for-sale reserve to the Income Statement in finance costs. The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method, less impairment. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the Statement of Financial Position.

Derecognition

A financial asset is derecognised when the rights to receive cash flows from the asset have expired.

2.10 Cash and cash equivalents

In the Statement of Financial Position and Statement of Cash Flows, cash and cash equivalents comprise cash at bank and in hand and demand deposits with banks and other financial institutions, that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.11 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the Consolidated Income Statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the Consolidated Income Statement.

(b) Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the Consolidated Income Statement on equity instruments are not reversed through the Consolidated Income Statement.

2.12 Taxation

The tax credit or expense for the period comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The charge for current tax is calculated on the basis of the tax laws enacted or substantively enacted by the end of the reporting period in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is accounted for using the liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax assets are recognised on tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to

control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax is calculated at the tax rates (and laws) that have been enacted or substantively enacted by the Statement of Financial Position date and are expected to apply to the period when the asset is realised or the liability is settled.

Deferred tax assets and liabilities are not discounted.

2.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.14 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

2.15 Contingent consideration

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost.

2.16 Operating leases

Leases of assets under which a significant amount of the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Operating lease payments are charged to the Income Statement on a straight-line basis over the period of the respective leases.

2.17 Share-based payments and incentives

The Group operates equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of employee services received in exchange for the grant of share options are recognised as an expense. The total expense to be apportioned over the vesting period is determined by reference to the fair value of the options granted:

- > including any market performance conditions;
- > excluding the impact of any service and non-market performance vesting conditions; and
- > including the impact of any non-vesting conditions.

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period the Group revises its estimate of the number of options that are expected to vest.

It recognises the impact of the revision of original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

The fair value of goods or services received in exchange for shares is recognised as an expense.

2.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer, the Company's chief operating decision-maker ("CODM").

2.19 Finance income

Interest income is recognised using the effective interest method, taking into account the principal amounts outstanding and the interest rates applicable.

2.20 Contingent Liabilities

Contingent liabilities are potential obligations that arise from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events that, however, are beyond the control of the Group. Furthermore, present obligations may constitute contingent liabilities if it is not probable that an outflow of resources will be required to settle the obligation, or a sufficiently reliable estimate of the amount of the obligation cannot be made.

3 Financial risk management

3.1 Financial risk factors

The main financial risks to which the Group's activities are exposed are liquidity and fluctuations on foreign currency. The Group's overall risk management programme focusses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the Board of Directors under policies approved at the quarterly Board meetings. The Board frequently discusses principles for overall risk management including policies for specific areas such as foreign exchange.

(a) Liquidity risks

In keeping with similar sized mineral exploration groups, the Group's continued future operations depend on the ability to raise sufficient working capital through the issue of equity share capital. The Group monitors its cash and future funding requirements through the use of cash flow forecasts.

All cash, with the exception of that required for immediate working capital requirements, is held on short-term deposit.

(b) Foreign currency risks

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Brazilian Real, US Dollar and the UK pound.

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations that are denominated in a foreign currency. The Group holds a proportion of its cash in US Dollars and Brazilian Reals to hedge its exposure to foreign currency fluctuations and recognises the profits and losses resulting from currency fluctuations as and when they arise. The volume of transactions is not deemed sufficient to enter into forward contracts.

At 31 December 2015, if the US Dollar had weakened/strengthened by 20% against Pound Sterling and Brazilian Real with all other variables held constant, post tax loss for the year would have been approximately £12,820/£19,230 lower/higher mainly as a result of foreign exchange losses/gains on translation of US Dollar denominated bank balances.

(c) Interest rate risk

As the Group has no borrowings, it is not exposed to interest rate risk on financial liabilities. The Group's interest rate risk arises from its cash held on short-term deposit for which the Directors use a

mixture of fixed and variable rate deposits. As a result, fluctuations in interest rates are not expected to have a significant impact on profit or loss or equity.

(d) Price risk

The Group is exposed to commodity price risk as a result of its operations. However, given the size and stage of the Group's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The Directors will revisit the appropriateness of this policy should the Group's operations change in size or nature. The Group's listed equity securities are susceptible to price risk arising from uncertainties about future values of the securities.

(e) Credit risk

Credit risk arises from cash and cash equivalents as well as exposure to joint venture partners including outstanding receivables. The Group maintains cash and short-term deposits with a variety of credit worthy financial institutions and considers the credit ratings of these institutions before investing in order to mitigate against the associated credit risk. Management does not expect any losses from non-performance by joint venture partners.

No debt finance has been utilised and if required this is subject to pre-approval by the Board of Directors. The amount of exposure to any individual counter party is subject to a limit, which is assessed by the Board.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and to enable the Group to continue its exploration and evaluation activities. The Group has no debt at 31 December 2015 and defines capital based on the total equity of the Group. The Group monitors its level of cash resources available against future planned exploration and evaluation activities and may issue new shares in order to raise further funds from time to time.

As indicated above, the Group holds cash reserves on deposit at several banks and in different currencies until they are required and in order to match where possible with the corresponding liabilities in that currency.

3.3 Fair value estimation

The carrying values of trade receivables and payables are assumed to be approximate to their fair values, due to their short-term nature. The fair value of contingent consideration is estimated by discounting the future contractual cash flows at the Group's current cost of capital of 7% based on the interest rate available to the Group for a similar financial instrument.

4 Critical accounting estimates and judgements

The preparation of the Financial Statements in conformity with IFRSs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period and the reported amount of expenses during the year. Actual results may vary from the estimates used to produce these Financial Statements.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant items subject to such estimates and assumptions include, but are not limited to:

4.1 Impairment of exploration and evaluation costs

Exploration and evaluation costs have a carrying value at 31 December 2015 of £19,854,074 (2014: £20,499,389). Management tests annually whether exploration projects have future economic value in accordance with the accounting policy stated in note 2.7. Each exploration project is subject to an annual review by either a consultant or senior company geologist to determine if the exploration results returned to date warrant further exploration expenditure and have the potential to result in an economic discovery. This review takes into consideration long-term metal prices, anticipated

resource volumes and grades, permitting and infrastructure. In the event that a project does not represent an economic exploration target and results indicate there is no additional upside, a decision will be made to discontinue exploration. The Directors have reviewed the estimated value of each project prepared by management and do not consider any impairment is necessary.

4.2 Estimated impairment of goodwill

Goodwill has a carrying value at 31 December 2015 of £192,028 (2014: £270,923). The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.7.

Management has concluded that there is no impairment charge necessary to the carrying value of goodwill. See also note 10 to the Financial Statements.

4.3 Contingent consideration

Contingent consideration has a carrying value of £5,171,629, at 31 December 2015 (2014: £2,235,512). Following the purchase of the Vale dos Sonhos mineral concession from Xstrata Brasil Brasil Mineração Ltda in November 2015 (refer note 19) there are two contingent consideration arrangements in place as at 31 December 2015:

- A contingent consideration arrangement that requires the Group to pay the former owners of Teck Cominco Brasil S.A (subsequently renamed Araguaia Niquel Mineração Ltda) 50% of the tax effect on utilisation of the tax losses existing in Teck Cominco Brasil S.A at the date of acquisition. Under the terms of the acquisition agreement, tax losses that existed at the date of acquisition and which are subsequently utilised in a period greater than 10 years from that date are not subject to the contingent consideration arrangement.
- A contingent consideration arrangement that requires the Group to pay Xstrata Brasil Mineração Ltda US\$1,000,000 after the date of issuance of a feasibility study comprising the Araguaia project and the Vale dos Sonhos ('VdS') and Serra do Tapa ('SdT') project areas ('GAP') (together the 'Enlarged Project'), to be satisfied in shares in the Company (at the 5 day volume weighted average price taken on the tenth business day after the date of such issuance) or cash, at the election of the Company; and remaining consideration of US\$5,000,000 to be paid in cash, as at the date of first commercial production from any of the resource areas within the Enlarged Project area.

The fair value of these potential considerations have been determined using the operating and financial assumptions in the cash flow model derived from the Pre-Feasibility Study published by the Group in March 2014 in order to calculate the ability to utilise the acquired tax losses, together with the timing of their utilisation. The Group has used discounted cash flow analysis to determine when it is anticipated that the tax losses will be utilised and any potential contingent consideration paid. These cash flows could be affected by upward or downward movements in several factors to include commodity prices, operating costs, capital expenditure, production levels, grades, recoveries and interest rates. Commercial production is assumed to commence in 2019.

If the estimated discount rate of 7% used in determining the fair value of contingent consideration payable to Teck Cominco Brasil S.A. and Xstrata Brasil Mineração Ltda was 2% higher, then Management's estimates of the amount payable would decrease by £181,098 and £184,870, respectively. If the discount rate was 2% lower, the amount payable would increase by £200,176 and £202,995.

The carrying value of contingent consideration would not be affected were the operating cash flows to vary by as much as 50% from management's estimates.

4.4 Current and deferred taxation

The Group is subject to income taxes in numerous jurisdictions. Judgment is required in determining the worldwide provision for such taxes. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred tax liabilities have been recognised on the fair value gains in exploration assets arising on the acquisitions of Araguaia Niquel Mineração Ltda (formerly Teck Cominco Brasil S.A) and Lontra Empreendimentos e Participações Ltda. A deferred tax asset has been recognised on acquisition of Araguaia Niquel Mineração Ltda for the utilisation of the available tax losses acquired. Should the actual final outcome regarding the utilisation of these losses be different from management's estimations, the Group may need to revise the carrying value of this asset.

4.5 Other areas

Other estimates include but are not limited to future cash flows associated with assets, useful lives for depreciation and fair value of financial instruments.

5 Segmental reporting

The Group operates principally in the UK and Brazil, with operations managed on a project by project basis within each geographical area. Activities in the UK are mainly administrative in nature whilst the activities in Brazil relate to exploration and evaluation work. The reports used by the chief operating decision-maker are based on these geographical segments.

	UK 2015	Brazil 2015	Other 2015	Total 2015
2015	£	£	£	£
Administrative expenses	(662,305)	(189,234)	(13,353)	(864,892)
Loss on foreign exchange	(114,838)	(136,571)	—	(251,409)
Loss from operations per reportable segment	(777,143)	(325,805)	(13,353)	(1,116,301)
Inter segment revenues	—	872,643	—	872,643
Depreciation charges	(1,037)	(382)	—	(1,419)
Additions to non-current assets	—	(645,313)	—	(645,313)
Reportable segment assets	2,687,317	23,741,165	—	26,428,482
Reportable segment liabilities	5,260,018	1,621,212	—	6,881,230

	UK 2014	Brazil 2014	Other 2014	Total 2014
2014	£	£	£	£
Administrative expenses	(848,454)	(456,832)	(6,402)	(1,311,688)
Profit/(loss) on foreign exchange	39,089	(85,453)	—	(46,364)
Project and intangible fixed asset impairment	—	(31,989)	—	(31,989)
Loss from operations per reportable segment	(809,365)	(574,274)	(6,402)	(1,390,041)
Inter segment revenues	—	677,635	—	677,635
Depreciation charges	(2,846)	(820)	—	(3,666)
Additions to non-current assets	—	(2,018,658)	—	(2,018,658)
Reportable segment assets	4,349,901	26,594,454	—	30,944,355
Reportable segment liabilities	2,348,686	2,424,498	—	4,773,184

Inter segment revenues are calculated and recorded in accordance with the underlying intra group service agreements.

A reconciliation of adjusted loss from operations per reportable segment to loss before tax is provided as follows:

	2015 £	2014 £
Loss from operations per reportable segment	(1,116,301)	(1,390,041)
Changes in fair value of contingent consideration (refer note 19)	138,515	415,702
Charge for share options granted	(100,248)	(125,107)
Impairment of available-for-sale asset	(253,006)	—
Finance income	14,918	31,413
Finance costs	(338,430)	(173,903)
Loss for the year from continuing operations	(1,654,552)	(1,241,936)

6 Expenses by nature

	2015 £	2014 £
Group		

Staff costs	456,255	680,080
Indemnity for loss of office	55,019	29,227
Exploration related costs expensed (excluding staff costs)	43,945	166,866
Charge for share options granted	100,248	125,107
Depreciation (note 11)	1,419	3,666
Loss on foreign exchange	251,409	46,364
Change in fair value of contingent consideration	(138,515)	(415,702)
Impairments of intangible fixed assets	—	31,989
Impairment of available-for-sale financial asset	253,006	—
Operating lease charges	95,182	64,153
Profit on disposal of property, plant and equipment	(24,453)	—
Other expenses	237,525	367,696
Total operating expenses	1,331,040	1,099,446

Project and fixed asset impairment costs in 2014 of £31,989 consist of the impairment charge on intangible assets attributable to the Rio Maria project.

7 Auditor remuneration

During the year the Group (including its overseas subsidiaries) obtained the following services from the Company's auditor and its associates:

Group	2015 £	2014 £
Fees payable to the Company's auditor and its associates for the audit of the parent company and consolidated financial statements	37,500	30,000
Fees payable to the Company's auditor and its associates for other services:		
– Audit related assurance services	7,000	4,525
– Tax compliance services	1,900	2,380

8 Finance income and costs

Group	2015 £	2014 £
Finance income:		
– Interest income on cash and short-term bank deposits	14,918	31,413
Finance costs:		
– Contingent consideration: unwinding of discount	(338,430)	(173,903)
Net finance costs	(323,512)	(142,490)

9 Income Tax

Group	2015 £	2014 £
Tax charge:		
Current tax charge for the year	—	—
Deferred tax charge for the year	—	—
Tax on loss for the year	—	—

Reconciliation of current tax

Group	2015 £	2014 £
Loss before income tax	(1,654,552)	(1,241,936)
Current tax at 32.52% (2014: 23.1%)	(538,060)	(330,757)
Effects of:		
Expenses not deducted for tax purposes	82,043	62,451
Utilisation of tax losses brought forward	(150,480)	—
Tax losses carried forward for which no deferred income tax asset was recognised – UK	—	131,940

Tax losses carried forward for which no deferred income tax asset was recognised – Brazil	606,497	136,366
Total tax	—	—

No tax charge or credit arises on the loss for the year.

The weighted average applicable tax rate of 32.52% used is a combination of the 21.5% effective standard rate of corporation tax in the UK, 34% Brazilian corporation tax and 30% Peruvian corporation tax. The weighted average applicable tax rate has increased from 23.1% to 32.52% as a greater proportion of loss before income tax arose in Brazil.

Deferred income tax

An analysis of deferred tax assets and liabilities is set out below.

Group	2015 £	2014 £
Deferred tax assets		
– Deferred tax asset to be recovered after more than 12 months	3,590,675	5,065,976
	3,590,675	5,065,976
Deferred tax liabilities		
– Deferred tax liability to be settled after more than 12 months	(1,560,581)	(2,201,778)
	(1,560,581)	(2,201,778)
Deferred tax asset (net)	2,030,094	2,864,198

The gross movement on the deferred income tax account is as follows:

Group	2015 £	2014 £
At 1 January	2,864,198	3,038,142
Exchange differences	(834,104)	(173,944)
At 31 December	2,030,094	2,864,198

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Group	Deferred tax liabilities Fair value gains £	Deferred tax assets Tax Losses £	Total £
At 1 January 2014	(2,335,492)	5,373,634	3,038,142
Exchange differences	133,714	(307,658)	(173,944)
At 31 December 2014	(2,201,778)	5,065,976	2,864,198
Exchange differences	641,197	(1,475,301)	(834,104)
At 31 December 2015	(1,560,581)	3,590,675	2,030,094

Deferred tax assets are recognised on tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

The Group has tax losses of approximately £17,363,000 (2014: £18,190,000) in Brazil and excess management charges of approximately £1,690,000 (2014: £2,590,000) in the UK available to carry forward against future taxable profits. With the exception of the deferred tax asset arising on acquisition of Araguaia Niquel Mineração Ltda (formerly Teck Cominco Brasil S.A.) in 2011, no deferred tax asset has been recognised in respect of tax losses because of uncertainty over the timing of future taxable profits against which the losses may be offset.

10 Intangible assets

Intangible assets comprise exploration licenses, exploration and evaluation costs and goodwill. Exploration and evaluation costs comprise acquired and internally generated assets.

Group	Goodwill £	Exploration Licenses £	Exploration and evaluation costs £	Total £
Cost				
At 1 January 2014	287,378	—	19,754,559	20,041,937
Additions	—	—	2,018,658	2,018,658
Impairments	—	—	(31,989)	(31,989)
Exchange rate movements	(16,453)	—	(1,241,841)	(1,258,294)
At 31 December 2014	270,925	—	20,499,387	20,770,312
Additions	—	3,174,275	2,540,833	5,715,108
Exchange rate movements	(78,897)	—	(6,360,421)	(6,439,318)
Net book amount at 31 December 2015	192,028	3,174,275	16,679,799	20,046,102

Impairment charges in 2014 of £31,989 were included in profit or loss as the intangible assets attributable to the Rio Maria project were written off.

(a) Exploration and evaluation assets

Impairment reviews for exploration and evaluation assets are carried out either on a project by project basis or by geographical area. The Group's exploration and evaluation projects are at various stages of exploration and development and are therefore subject to a variety of valuation techniques.

An operating segment-level summary of exploration licenses, exploration and evaluation assets is presented below:

Group	2015 £	2014 £
Brazil – Araguaia/Lontra/Vila Oito and Floresta	16,679,799	20,499,387
Brazil – Vale dos Sonhos (refer note 28)	3,174,275	—
	19,854,074	20,499,387

The adjacent Araguaia/Lontra/Vila Oito and Floresta exploration sites ('the Araguaia Project'), together with the Vale dos Sonhos deposit acquired from Xstrata Brasil Mineração Ltda comprise a resource of a sufficient size and scale to allow the Company to create a significant single nickel project. For this reason, at the current stage of development, these two projects are viewed and assessed for impairment by management as a single cash generating unit.

The mineral concession for the Vale dos Sonhos deposit was acquired from Xstrata Brasil Mineração Ltda, a subsidiary of Glencore Canada Corporation, in November 2015.

In March 2014 a Canadian NI 43-101 compliant Pre-Feasibility Study ('PFS') was published by the Company regarding the Araguaia Project. The financial results and conclusions of the PFS clearly indicate the economic viability of the Araguaia Project. The Directors undertook an assessment of impairment through evaluating the results of the PFS, which is still relevant and applicable throughout 2015, and judged that no impairment was required with regards to the Araguaia Project.

Sensitivity to changes in assumptions

For the base case NPV₈ of the Araguaia Project of US\$519 million as per the PFS to be reduced to the book value of the Araguaia Project as at 31 December 2015, the discount rate applied to the cash flow model would need to be increased from 8% to 20%.

Other early stage exploration projects in Brazil are at an early stage of development and no JORC/Canadian NI 43-101 or non-JORC/ Canadian NI 43-101 compliant resource estimates are available to enable value in use calculations to be prepared. The Directors therefore undertook an assessment of the following areas and circumstances which could indicate impairment:

- > The Group's right to explore in an area has expired, or will expire in the near future without renewal.

- > No further exploration or evaluation is planned or budgeted for, whether by the Company directly or through a joint venture agreement.
- > A decision has been taken by the Board to discontinue exploration and evaluation in an area due to the absence of a commercial level of reserves.
- > Sufficient data exists to indicate that the book value will not be fully recovered from future development and production.

(b) Goodwill

Goodwill arose on the acquisition of Lontra Empreendimentos e Participações Ltda in 2010. The Directors have determined the recoverable amount of goodwill based on the same assumptions used for the assessment of the Lontra exploration project detailed above. As a result of this assessment, the Directors have concluded that no impairment charge is necessary against the carrying value of goodwill.

11 Property, plant and equipment

Group	Vehicles and other field equipment £	Office equipment £	Total £
Cost			
At 1 January 2014	161,070	15,175	176,245
Foreign exchange movements	(8,981)	(445)	(9,426)
At 31 December 2014	152,089	14,730	166,819
Disposals	(40,089)	—	(40,089)
Foreign exchange movements	(37,353)	(2,134)	(39,487)
At 31 December 2015	74,647	12,596	87,243
Accumulated depreciation			
At 1 January 2014	63,761	5,033	68,794
Charge for the year	46,452	3,475	49,927
Foreign exchange movements	(6,096)	(196)	(6,292)
At 31 December 2014	104,117	8,312	112,429
Charge for the year	26,245	2,469	28,714
Disposals	(26,916)	—	(26,916)
Foreign exchange movements	(37,807)	(1,065)	(38,872)
At 31 December 2015	65,639	9,716	75,355
Net book amount as at 31 December 2015	9,008	2,880	11,888
Net book amount as at 31 December 2014	47,972	6,418	54,390

Depreciation charges of £27,295 (2014: £46,261) have been capitalised and included within intangible exploration and evaluation asset additions for the year. The remaining depreciation expense for the year ended 31 December 2015 of £1,419 (2014: £3,666) has been charged in 'administrative expenses' under 'Depreciation.'

Vehicles and other field equipment include the following amounts used to perform exploration activities:

	2015 £	2014 £
Cost	74,647	152,089
Accumulated depreciation	(65,639)	(104,117)
Net book amount	9,008	47,972

Company	Field equipment £	Office equipment £	Total £
Cost			
At 1 January 2014	4,208	7,403	11,611
Additions	—	—	—
At 31 December 2014 and 2015	4,208	7,403	11,611
Accumulated depreciation			
At 1 January 2014	2,894	3,580	6,474
Charge for the year	1,314	1,532	2,846
At 31 December 2014	4,208	5,112	9,320
Charge for the year	—	1,037	1,037
At 31 December 2015	4,208	6,149	10,357
Net book amount as at 31 December 2015	—	1,254	1,254
Net book amount as at 31 December 2014	—	2,291	2,291

12 Trade and other receivables

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Other receivables	40,912	22,709	18,739	13,818
Current portion	40,912	22,709	18,739	13,818

Trade and other receivables are all due within one year. The fair value of all receivables is the same as their carrying values stated above.

The carrying amounts of the Group and Company's trade and other receivables are denominated in the following currencies:

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Brazilian Real	22,173	4,922	—	—
UK Pound	18,739	17,787	18,739	13,818
	40,912	22,709	18,739	13,818

As of 31 December 2015 the Group's and Company's other receivables of £40,912 (2014: £22,709) were fully performing.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group and Company do not hold any collateral as security.

13 Available-for-sale financial assets

The Group had investments in equity shares as at 31 December 2015. Following assessment by the Directors of the Company, these shares have been fully impairment to £nil. The fair value of the investments is £nil as at 31 December 2014 and 2015.

14 Cash and cash equivalents

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Cash at bank and on hand	2,676,160	4,982,219	2,519,018	4,160,235
Short-term deposits	62,745	48,749	49,248	48,749
	2,738,905	5,030,968	2,568,266	4,208,984

The Group's cash at bank and short-term deposits are held with institutions with the following credit ratings (Fitch):

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
A	2,616,981	4,280,358	2,519,018	4,160,235
BBB-	121,924	750,610	49,248	48,749
	2,738,905	5,030,968	2,568,266	4,208,984

15 Share capital

Group and Company	2015 Number	2015 £	2014 Number	2014 £
Issued and fully paid				
Ordinary shares of 1p each				
At 1 January	492,427,105	4,924,271	401,139,497	4,011,395
Issue of ordinary shares	178,777,273	1,787,773	91,287,608	912,876
At 31 December	671,204,378	6,712,044	492,427,105	4,924,271

On 2 October 2015 a total of 112,500,000 shares were issued through a private placement at a price of £0.01 per share to raise £1,125,000 before expenses.

On 9 October 2015 a total of 42,500,000 shares were issued through a private placement at a price of £0.01 per share to raise £425,000 before expenses.

On 25 November 2015 a total of 23,777,273 shares were issued at £0.0184 per share in consideration for the purchase of the Vale dos Sonhos mineral concession from Xstrata Brasil Mineração Ltda.

16 Share premium

Group and Company	2015 £	2014 £
At 1 January	31,095,370	26,997,998
Premium arising on issue of ordinary shares	200,300	4,564,389
Issue costs	(42,962)	(467,017)
At 31 December	31,252,708	31,095,370

17 Share-based payments

The Directors have discretion to grant options to the Group employees to subscribe for Ordinary shares up to a maximum of 10% of the Company's issued share capital. One third of options are exercisable at each six months anniversary from the date of grant, such that all options are exercisable 18 months after the date of grant and all lapse on the tenth anniversary of the date of grant or the holder ceasing to be an employee of the Group. Neither the Company nor the Group has any legal or constructive obligation to settle or repurchase the options in cash.

Movements on number of share options and their related exercise price are as follows:

	Number of options 2015 £	Weighted average exercise price 2015 £	Number of options 2014 £	Weighted average exercise price 2014 £
Outstanding at 1 January	38,300,000	0.119	25,860,000	0.148
Forfeited	(2,790,000)	0.151	(2,010,000)	0.151
Granted	13,250,000	0.04	14,450,000	0.073
Outstanding at 31 December	48,760,000	0.096	38,300,000	0.119
Exercisable at 31 December	30,693,333	0.124	23,850,000	0.148

The options outstanding at 31 December 2015 had a weighted average remaining contractual life of 7.45 years (2014: 7.53 years).

The fair value of the share options was determined using the Black-Scholes valuation model.

The parameters used are detailed below.

Group and Company	2015 options	2014 options
Date of grant or reissue	10/06/2015	09/05/2014
Weighted average share price	2.63 pence	6.42 pence
Weighted average exercise price	4.00 pence	7.25 pence
Expiry date	09/06/2025	09/05/2024
Options granted	13,250,000	14,450,000
Volatility	17.3%	17.3%
Dividend yield	Nil	Nil
Option life	10 years	10 years
Annual risk free interest rate	2.83%	2.83%
Forfeiture discount	—	—
Marketability discount	5%	5%
Total fair value of options granted	£54,700	£256,786

The expected volatility is based on historical volatility for the six months prior to the date of grant. The risk free rate of return is based on zero yield government bonds for a term consistent with the option life.

The range of option exercise prices is as follows:

Range of exercise prices (£)	2015 Weighted average exercise price (£)	2015 Number of shares	2015 Weighted average remaining life expected (years)	2015 Weighted average remaining life contracted (years)	2014 Weighted average exercise price (£)	2014 Number of shares	2014 Weighted average remaining life expected (years)	2014 Weighted average remaining life contracted (years)
0–0.1	0.060	30,300,000	8.62	8.62	0.076	17,200,000	8.65	8.65
0.1–0.2	0.154	18,460,000	5.53	5.53	0.154	21,100,000	6.63	6.63

18 Other reserves

Group	Available-for-sale reserve £	Merger reserve £	Translation reserve £	Other reserve £	Total £
At 1 January 2014	(230,276)	10,888,760	(8,470,834)	(1,048,100)	1,139,550
Other comprehensive income	(22,730)	—	—	—	(22,730)

Currency translation differences	—	—	(1,438,421)	—	(1,438,421)
At 31 December 2014	(253,006)	10,888,760	(9,909,255)	(1,048,100)	(321,601)
Other comprehensive income	253,006	—	—	—	253,006
Currency translation differences	—	—	(7,267,732)	—	(7,267,732)
At 31 December 2015	—	10,888,760	(17,176,987)	(1,048,100)	(7,336,327)

Company	Merger reserve £	Total £
At 1 January 2014 and 31 December 2014	10,888,760	10,888,760
At 1 January 2015 and 31 December 2015	10,888,760	10,888,760

The merger and other reserve as at 31 December 2015 arose on consolidation as a result of merger accounting for the acquisition of the entire issued share capital of Horizonte Exploration Limited during 2006 and represents the difference between the value of the share capital and premium issued for the acquisition and that of the acquired share capital and premium of Horizonte Exploration Limited.

Currency translation differences relate to the translation of Group entities that have a functional currency different from the presentation currency (refer note 2.8c). Movements in the translation reserve are linked to the changes in the value of the Brazilian Real against Sterling: the intangible assets of the Group are located in Brazil, and their functional currency is the Brazilian Real, which decreased in value against Sterling in both 2014 and 2015.

19 Trade and other payables

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Non-current				
Contingent consideration payable to former owners of Teck Cominco Brasil S.A.	2,364,751	2,235,512	2,364,751	2,235,512
Contingent consideration payable to Xstrata Brasil Mineração Ltda (refer note 27)	2,806,878	—	2,806,878	—
Total contingent consideration	5,171,629	2,235,512	5,171,629	2,235,512
Current				
Trade and other payables	16,038	28,380	10,377	3,239
Amounts due to related parties (refer note 22)	—	—	413,930	413,930
Social security and other taxes	21,519	27,303	15,533	15,040
Accrued expenses	111,463	280,211	63,033	69,951
	149,020	335,894	502,873	502,160
Total trade and other payables	5,320,649	2,571,406	5,674,502	2,737,672

Trade and other payables include amounts due of £65,748 (2014: £204,066) in relation to exploration and evaluation activities.

Contingent Consideration payable to the former owners of Teck Cominco Brasil S.A.

The fair value of the potential contingent consideration arrangement with the former owners of Teck Cominco Brasil S.A. was estimated at the acquisition date according to when future taxable profits against which the tax losses may be utilised were anticipated to arise. The fair value estimates were based on the current rates of tax on profits in Brazil of 34%. A discount factor of 7.0% was applied to the future dates at which the tax losses will be utilised and consideration paid.

As at 31 December 2015, there was a finance expense of £323,925 (2014: £173,903) recognised in finance costs within the Statement of Comprehensive Income in respect of the contingent consideration arrangement, as the discount applied to the contingent consideration at the date of acquisition was unwound.

The cash flow model used to estimate the contingent consideration was adjusted, to take into account changed assumptions in the timing of cash flows as derived from the Pre-Feasibility Study as published by the Group in March 2014. The key assumptions underlying the cash flow model are unchanged as at 31 December 2014, other than during 2015 the assumed date for commencement of commercial production was revised from 2017 to 2019. The change in the fair value of contingent consideration payable to the former owners of Teck Cominco Brasil S.A. generated a credit to profit or loss of £194,686 for the year ended 31 December 2015 (2014: £415,072) due to exchange rate changes in Management's assumptions and in the functional currency in which the liability is payable.

Contingent Consideration payable to Xstrata Brasil Mineração Ltda

The contingent consideration payable to Xstrata Brasil Mineração Ltda comprises two elements: USD\$330,000 due after the date of issuance of a joint feasibility study for the combined Enlarged Project areas, together with US\$5,000,000 consideration as at the date of first commercial production from any of the resource areas within the Enlarged Project area. The key assumptions underlying the treatment of the contingent consideration the US\$5,000,000 are as per those applied to the contingent consideration payable to the former owners of Teck Cominco Brasil S.A.

As at 31 December 2015, there was a finance expense of £14,505 (2014: £nil) recognised in finance costs within the Statement of Comprehensive Income in respect of the contingent consideration arrangement, as the discount applied to the contingent consideration at the date of acquisition was unwound.

20 Dividends

No dividend has been declared or paid by the Company during the year ended 31 December 2015 (2014: nil).

21 Earnings per share

(a) Basic

The basic earnings per share of 0.311p loss per share (2014 loss per share: 0.283p) is calculated by dividing the loss attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year.

Group	2015 £	2014 £
Loss attributable to owners of the parent	(1,654,552)	(1,241,936)
Weighted average number of ordinary shares in issue	531,868,151	439,259,597

(b) Diluted

The basic and diluted earnings per share for the years ended 31 December 2015 and 31 December 2014 are the same as the effect of the exercise of share options would be anti-dilutive.

Details of share options that could potentially dilute earnings per share in future periods are set out in note 17.

22 Related party transactions

The following transactions took place with subsidiaries in the year:

A fee totalling £232,829 (2014: £202,045) was charged to HM do Brazil Ltda and £639,814 (2014: £475,589) to Araguaia Niquel Mineração Ltda by Horizonte Minerals Plc in respect of consultancy services provided and funding costs.

Amounts totalling £4,919,360 (2014: £2,076,925) were lent to HM Brazil (IOM) Ltd, HM do Brasil Ltda, Araguaia Niquel Mineração Ltda and Typhon Brasil Mineração Ltda to finance exploration work during 2015, by Horizonte Minerals Plc. Interest is charged at an annual rate of 4% on balances outstanding during the year.

Balances with subsidiaries at the year end were:

Company	2015	2015	2014	2014
	Assets	Liabilities	Assets	Liabilities
	£	£	£	£
HM do Brasil Ltda	845,808	—	274,678	—
Minera El Aguila SAC	—	—	3,848	—
HM Brazil (IOM) Ltd	4,725,314	—	4,493,680	—
Horizonte Nickel (IOM) Ltd	28,747,037	—	26,916,381	—
Araguaia Niquel Mineração Ltda	4,605,395	—	3,478,592	—
Horizonte Minerals (IOM) Ltd	253,004	—	253,004	—
Horizonte Exploration Ltd	—	413,930	—	413,930
Typhon Brasil Mineração Ltda	3,174,275	—	—	—
Total	42,350,833	413,930	35,420,183	413,930

All Group transactions were eliminated on consolidation.

On 2 October 2015 a total of 112,500,000 shares were issued through the first tranche of a private placement at a price of £0.01 per share, to raise £1,125,000 before expenses. As part of this private placement, Henderson Global Investors subscribed for 45,000,000 shares representing 40 percent of the first tranche of the private placement. By reason of its existing shareholdings in the Company, the participation of Henderson Global Investors in the private placement of 2 October 2015 constituted a related party transaction under AIM Rule 13 of the AIM Rules for Companies.

On 9 October 2015 a total of 42,500,000 shares were issued through the second and final tranche of a private placement at a price of £0.01 per share, to raise £425,000 before expenses. Mr Richard Griffiths subscribed for 45,500,000 shares representing 100 percent of the second tranche of the private placement. By reason of his existing shareholdings in the Company, the participation of Mr Griffiths in the second tranche of the private placement of 9 October 2015 constituted a related party transaction under AIM Rule 13 of the AIM Rules for Companies.

On 31 July 2014 a total of 50,000,000 shares were issued through a public offering in Canada, at a price of CAD 0.11 per share and a private placement was closed for a total of 41,287,608 shares, at a price of £0.06 per share, to raise £5,447,265 before expenses. As part of this private placement, Teck Resources Limited subscribed for 18,115,942 shares representing 43.9 percent of the private placement and Henderson Global Investors subscribed for 8,333,333 shares, representing 20.2 percent of the private placement. By reason of their existing shareholdings in the Company, the participation of Teck Resources Limited and Henderson Global Investors in the private placement each constitute a related party transaction under AIM Rule 13 of the AIM Rules for Companies.

On 27 June 2013 the Company signed an agreement for an £8 million Equity Financing Facility ('EFF') with Darwin Strategic Limited ('Darwin'), a majority owned subsidiary of Henderson Global Investors' Volantis Capital. The EFF agreement with Darwin provides Horizonte with an equity line facility which, subject to certain conditions and restrictions, can be drawn on any time over 36 months. The floor subscription price in relation to each draw down is set at the discretion of the Company. Horizonte is under no obligation to make a draw down and there are no penalty fees if the Company does not use the facility.

23 Ultimate controlling party

The Directors believe there to be no ultimate controlling party.

24 Directors' remuneration (including key management)

Group 2015	Aggregate	Other	Pension	Total
	emoluments	emoluments	costs	
	£	£	£	£
Non-Executive Directors				
Alexander Christopher	—	—	—	—
David Hall	33,600	—	—	33,600
William Fisher	24,000	—	—	24,000
Allan Walker	24,000	—	—	24,000

Owen Bavinton	25,608	—	—	25,608
Executive Directors				
Jeremy Martin	149,000	1,950	39,104	190,054
Key Management				
Jeffrey Karoly	99,000	—	48,656	147,656
	355,208	1,950	87,760	444,918

	Aggregate emoluments	Other emoluments	Pension costs	Total
Group 2014	£	£	£	£
Non-Executive Directors				
Alexander Christopher	—	—	—	—
David Hall	44,008	—	—	44,008
William Fisher	24,000	—	—	24,000
Allan Walker	24,000	—	—	24,000
Owen Bavinton	24,000	—	—	24,000
Executive Directors				
Jeremy Martin	146,000	66,442	44,312	256,754
Key Management				
Jeffrey Karoly	99,000	20,000	47,943	166,943
	361,008	86,442	92,25	539,705

The Company does not operate a pension scheme. Pension costs comprise contributions to Defined Contribution pension plans held by the relevant Director or Key Management.

25 Employee benefit expense (including directors and key management)

Group	2015 £	2014 £
Wages and salaries	844,343	916,650
Social security costs	198,064	266,136
Indemnity for loss of office	55,216	29,227
Share options granted to Directors and employees (note 17)	100,248	125,107
	1,197,871	1,337,120
Management	6	6
Field staff	26	25
Average number of employees including Directors and key management	32	31

Employee benefit expenses includes £586,348 (2014: £502,706) of costs capitalised and included within intangible non-current assets.

Share options granted include costs of £81,883 (2014: £53,379) relating to Directors.

26 Investment in subsidiaries

Company	2015 £	2014 £
Shares in Group undertakings	2,348,042	2,348,042
Loans to Group undertakings	42,350,832	35,420,183
	44,698,874	37,768,225

Investments in Group undertakings are stated at cost.

On 23 March 2006 the Company acquired the entire issued share capital of Horizonte Exploration Limited by means of a share for share exchange; the consideration for the acquisition was 21,841,000 ordinary shares of 1 penny each, issued at a premium of 9 pence per share. The difference between the total consideration and the assets acquired has been credited to other reserves.

27 Commitments

Operating lease commitments

The Group leases office premises under cancellable and non-cancellable operating lease agreements. The cancellable lease terms are up to one year and are renewable at the end of the lease period at market rate. The leases can be cancelled by payment of up to one month's rental as a cancellation fee. The lease payments charged to profit or loss during the year are disclosed in note 6.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

Group	2015 £	2014 £
Not later than one year	46,596	22,201
Total	text-align: right;"> 46,596	text-align: right;">22,201

Capital Commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

Group	2015 £	2014 £
Intangible assets	text-align: right;"> 42,100	text-align: right;">7,004

Capital commitments relate to contractual commitments for metallurgical, economic and environmental evaluations by third parties. Once incurred these costs will be capitalised as intangible exploration asset additions.

28 Contingent Liabilities

(a) Glencore Araguaia Project

On 28 September 2015 the Company announced that it had reached agreement to indirectly acquire through wholly owned subsidiaries in Brazil the advanced high-grade Glencore Araguaia nickel project ('GAP') in north central Brazil. GAP is located in the vicinity of the Company's Araguaia Project.

Pursuant to a conditional asset purchase agreement ('**Asset Purchase Agreement**') between, amongst others, the Company and Xstrata Brasil Exploração Mineral Ltda ('Xstrata'), a wholly-owned subsidiary of Glencore Canada Corporation ('Glencore'), the Company has agreed to pay a total consideration of US\$8 million to Xstrata, which holds the title to GAP. The consideration is to be paid according the following schedule;

- US\$2,000,000 in ordinary shares in the capital of the Company (the "**Initial Consideration Shares**"), split between the SdT and VdS deposit areas and payable on the relevant closing date for such deposit area. The closing date is linked to the date on which the Company or a subsidiary of it is registered as holder of such deposit areas by the National Department of Mineral Production of Brazil ('DNPM'), the deadline for which can be extended after 6 months at the option of the Company for a period of up to a year from the date of the signing of the Asset Purchase Agreement. The transfer of the mineral concession for the VdS deposit area from Xstrata was completed in November 2015 and following approval received at a general meeting of its shareholders convened on 25 November 2015, Initial Consideration Shares to the value of US\$660,000 were issued to Xstrata. As at 31st December 2015, the registration of the transfer of the mineral concession for the SdT deposit area from Xstrata to a subsidiary of the Company had not been completed by the DNPM. Should this take place within the deadlines outlined above, at the time of closing the Company will issue the Initial Consideration Shares to Xstrata to the value of US\$1,340,000 at a price per Initial Consideration Share equal to the 5 day volume weighted average share price on AIM taken

on the business day prior to the relevant closing. As such no provision has been made until such time as registration of the transfer has been completed.

- US\$1,000,000 after the date of issuance of a joint feasibility study for the combined Araguaia & GAP project areas, to be satisfied in HZM Shares (at the 5 day volume weighted average price taken on the tenth business day after the date of such issuance) or cash, at the election of the Company. Following transfer of the concession for the VdS deposit area to a subsidiary of the Company, US\$330,000 of this US\$1,000,000 has been included in contingent consideration payable; and
- The remaining US\$5,000,000 consideration will be paid in cash, as at the date of first commercial production from any of the resource areas within the Enlarged Project area. Following transfer of the concession for the VdS deposit area to a subsidiary of the Company, this has been included in contingent consideration payable.

The SdT deposit area concessions are subject to on-going litigation with a Brazilian third party. Glencore has disputed these claims. The parties have agreed certain protections including the receipt by HZM from Glencore of certain indemnities in respect of such litigation.

The Asset Purchase Agreement contains customary warranties regarding the GAP project and the parties' ability to enter into the Proposed Transaction and is subject to customary termination rights and confidentiality obligations.

(b) Other Contingencies

The Group has received a claim from various trade union organisations in Brazil regarding outstanding membership fees due in relation to various subsidiaries within the Group. Some of these claims relate to periods prior to the acquisition of the relevant subsidiary and would be covered by warranties granted by the previous owners at the date of sale. The Directors are confident that no amounts are due in relation to these proposed membership fees and that the claims will be unsuccessful. No subsequent actions, claims or communications from the various trade union organisations have been received subsequent to the requests for payment. As a result, no provision has been made in the Financial Statements for the year ended 31 December 2015 for amounts claimed. Should the claim be successful, the maximum amount payable in relation to fees not subject to the warranty agreement would be approximately £64,000.

In 2013 the Group received an infraction notice from the Brazilian Environmental Agency's (IBAMA) district office in Conceição do Araguaia in connection with carrying out drilling activities in 2011 without the relevant permits. Drilling equipment was furthermore impounded. The Group strongly believes that it operated with all necessary permits and has initiated legal proceedings to overturn the infraction notice. The Group has secured cancelation of the injunction and has appealed the associated fine of approximately £22,000.

In August 2014 the Group received a claim from a former employee in Brazil with regard to amounts allegedly due under the terms of his employment. The Group is defending the claim and it is not currently practicable to estimate the extent of any liability that may arise.

In December 2014 the Group received a writ from the State Attorney in Conceição do Araguaia regarding alleged environmental damages caused by drilling activities in 2011. To ensure proper environmental stewardship, the Group conducts certified baseline studies prior to all drill programmes and ensures that areas explored are properly maintained and conserved in accordance with local environmental legislation. After drilling has occurred, drill sites and access routes are rehabilitated to equal or better conditions and evidence is retained to demonstrate that such rehabilitation work has been completed. In January 2015 the Group filed a robust defence against the writ. A court hearing was held in May 2015 at which documents were requested to confirm that valid environmental authorisations were in place. These were subsequently submitted as requested. No substantive financial claim continues to be made against the Group under the terms of the writ. The Group continues to believe that the writ is flawed and is working towards having it withdrawn in due course. As a result no provision has been made in the Financial Statements for the year ended 31 December 2015.

29 Parent Company Statement of Comprehensive Income

As permitted by section 408 of the Companies Act 2006, the statement of comprehensive income of the Parent Company is not presented as part of these Financial Statements. The Parent Company's profit for the year was £311,625 (2014: £226,045 loss).

30 Events after the reporting date

No significant events have occurred since the reporting date.

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About Horizonte Minerals:

Horizonte Minerals plc is an AIM and TSX-listed nickel development company focused in Brazil, which wholly owns the advanced Araguaia nickel laterite project located to the south of the Carajas mineral district of northern Brazil. The Company is developing Araguaia as the next major nickel mine in Brazil.

The Project, which has excellent infrastructure in place including rail, road, water and power has a current NI 43-101 compliant Mineral Resource of 71.98Mt grading 1.33% Ni (Indicated) and 25.4Mt at 1.21% Ni (Inferred) at a 0.95% nickel cut-off; included in Resources is a Probable Reserve base of 21.2Mt at 1.66%Ni.

Horizonte has a strong shareholder structure including Teck Resources Limited (28.1%) and Henderson Global Investors (17.0%).

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

Except for statements of historical fact relating to the Company, certain information contained in this press release constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the potential of the Company's current or future property mineral projects; the success of exploration and mining activities; cost and timing of future exploration, production and development; the estimation of mineral resources and reserves and the ability of the Company to achieve its goals in respect of growing its mineral resources; and the realization of mineral resource and reserve estimates. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, and are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: exploration and mining risks, competition from competitors with greater capital; the Company's lack of experience with respect to

development-stage mining operations; fluctuations in metal prices; uninsured risks; environmental and other regulatory requirements; exploration, mining and other licences; the Company's future payment obligations; potential disputes with respect to the Company's title to, and the area of, its mining concessions; the Company's dependence on its ability to obtain sufficient financing in the future; the Company's dependence on its relationships with third parties; the Company's joint ventures; the potential of currency fluctuations and political or economic instability in countries in which the Company operates; currency exchange fluctuations; the Company's ability to manage its growth effectively; the trading market for the ordinary shares of the Company; uncertainty with respect to the Company's plans to continue to develop its operations and new projects; the Company's dependence on key personnel; possible conflicts of interest of directors and officers of the Company, and various risks associated with the legal and regulatory framework within which the Company operates.

Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.